



MARICOPA COUNTY FOURTH QUARTER/ANNUAL FY 2001-02 FINANCIAL & PERSONNEL RESULTS REPORT



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Maricopa County Financial & Personnel Results Report 4th Quarter/Annual FY 2001-02
Prepared by the Office of Management & Budget



Maricopa County Officials

Board of Supervisors

Don Stapley, Chairman
District 2

Fulton Brock
District 1

Andrew Kunasek
District 3

Max W. Wilson
District 4

Mary Rose Garrido Wilcox
District 5

County Administrative Officer

David R. Smith

Deputy County Administrator

Sandra L. Wilson

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Introduction

Achieving Countywide strategic performance results, increasing employee job satisfaction and providing a better quality of life for employees, requires successful financial and personnel resource accountability. The 4th Quarter/Annual Financial and Personnel Results Report for FY 2001-02 provides management with the tools necessary to achieve organization objectives and measurable results in order to assess emerging personnel trends and make informed decisions. Accomplishing personnel strategies and improving accountability processes requires successful management of funded positions, administration and control of staffing resources and financial and personnel decision-making based upon accurate and timely data. The Office of Management and Budget (OMB) works to provide this information and ensure full funding for all positions through the Funded Position Policy and the Lump Sum Budgeting Guidelines used in preparation of the annual budget.

Maricopa County's financial and personnel resource strategies focus on the recruitment and retention of productive employees. Retaining highly productive and accomplished employees requires alignment of employee performance with a personal commitment and cooperation in attaining Countywide objectives. Crucial elements of these processes include:

- Compensation, including wages, benefits and employee leave programs.
- Development of employee relations programs.
- Ongoing development and maintenance of programs, processes, services, resources, and training to enhance the health, morale, productivity, and organizational knowledge of employees Countywide.

The operational and financial impact of human resources issues, trends, position control, recruitment and staff retention are contained in the following sections:

- Highlights
- Personnel Costs & Savings
- Attrition (Turnover Rates) & Vacancy Rates
- Employee Retention
- New Directions

Information concerning departments with small numbers of employees (less than 25) should be used with extreme caution. A change of one or two vacancies, positions or terminations reflects a higher percentage change than those same movements within larger departments. These higher percentage changes may or may not reflect significant issues within these smaller departments.

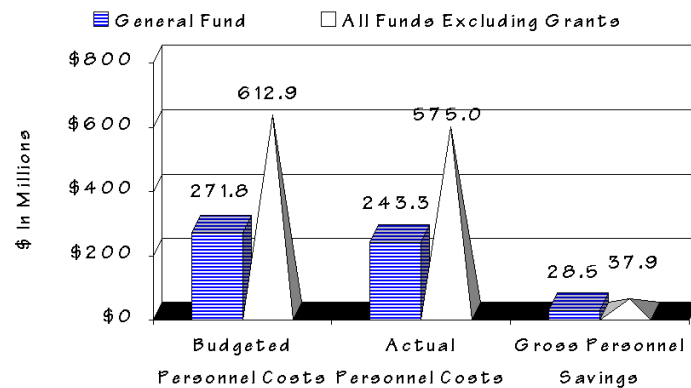


Highlights

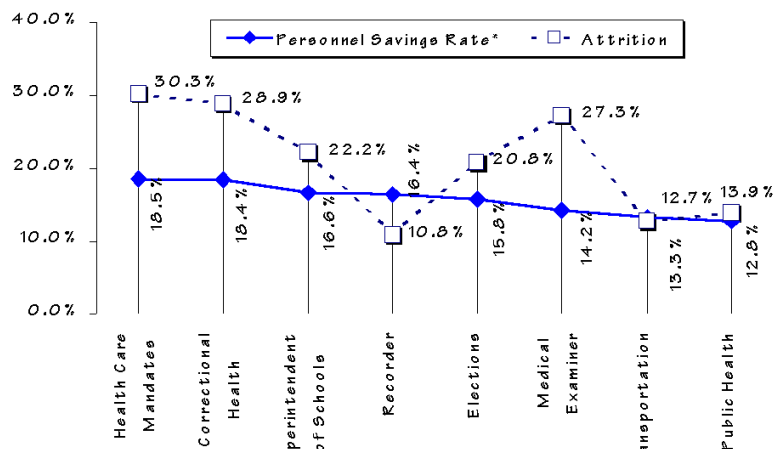
Maricopa County maintained its strategic position as a leader in the local labor market during FY 2001-02, despite a sagging economy, further compounded by the events of September 11, 2001. The success of Maricopa County's FY 2001-02 personnel strategies are attributed, in part, to the Countywide Managing for Results endeavors to align employees to organizational achievements. The leading performance indicators used to determine Maricopa County's success in managing financial and personnel resources are personnel savings, employee satisfaction and employee retention.

Countywide FY 2001-02 gross personnel savings for all funds¹, excluding grants, totaled \$37.9 million or 6.2% of total budgeted personnel costs. FY 2001-02 General Fund gross personnel savings totaled \$28.5 million or 10.5% of total budgeted personnel costs.

PERSONNEL SAVINGS RESULTS FY 2001-02



PERSONNEL SAVINGS RATES & ATTRITION



*Gross Actual Savings Variance To Budget For All Funds Excluding Grants

Departments with the *highest gross personnel savings rate* (for all funds excluding grants), i.e., percent gross actual variance to budget, are shown on the chart at left. Also shown are the corresponding attrition rates.

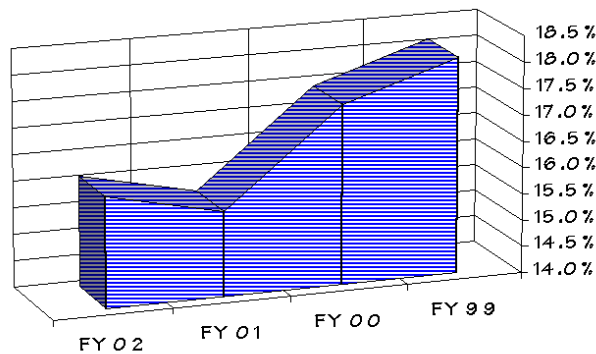
¹ Personnel savings are grouped by fund in this document. The General Fund is a general operating fund set-up to account for the resources and uses of general governmental operations of the County. Taxes provide most of these resources. Enterprise funds are accounted for in a method similar to private business enterprise, where user fees are intended to recover expenditures. Special Revenue Funds are restricted to use by statute and local policy. The personnel costs and savings section of this document places emphasis upon General Fund personnel savings. This fund has the greatest impact upon the citizens of Maricopa County. All other sections of this document which make reference to personnel savings include all funds (excluding grants).



The table below shows the actual dollar amount of gross personnel savings (all funds excluding grants) for the departments represented in the above chart.

DEPARTMENT	GROSS PERSONNEL SAVINGS
Transportation	\$ 3,343,800
Correctional Health	\$ 2,181,144
Public Health	\$ 864,141
Recorder	\$ 600,979
Medical Examiner	\$ 497,621
Elections	\$ 476,002
Health Care Mandates	\$ 373,515
Superintendent of Schools	\$ 257,756

MARICOPA COUNTY ANNUAL ATTRITION RATES



Attrition is an indication of how well employers hold on to their employees. FY 2001-02 Countywide attrition, or turnover, of 16.1% increased by 1/2 basis point over FY 2000-01 of 15.6%. This slight increase in attrition, as compared to previous years' movements shown on the chart at left, may indicate that employee turnover is stabilizing.

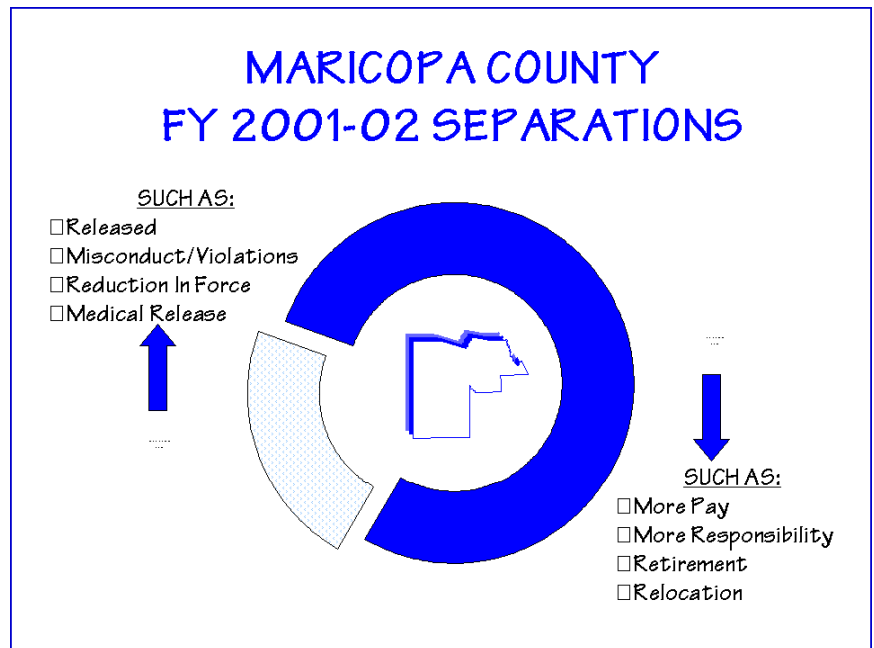
	FY 99	FY 00	FY 01	FY 02
Maricopa County Attrition	18.10%	17.40%	15.60%	16.10%

The formula for calculating attrition compares the number of employee separations to the number of positions filled and annualized. This formula does not include reductions-in-force or the move of nearly 300 employees from Maricopa County's Department of Medical Eligibility to the State of Arizona in October 2001. Additional detail is provided in the Attrition (Turnover Rates) & Vacancy Rates section.

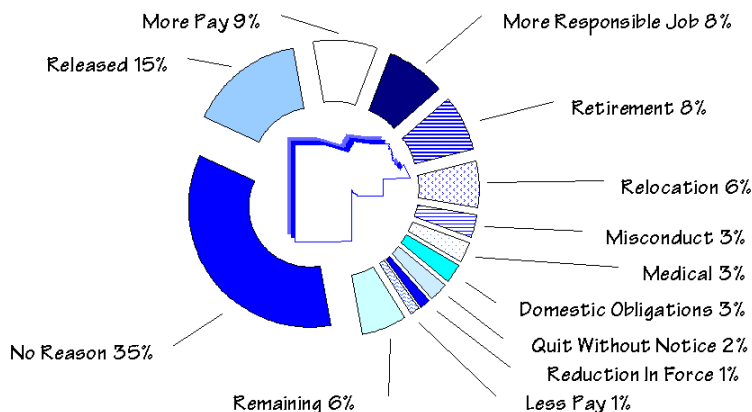
Employee separations refer to permanent separations from County employment. Separations are categorized as either voluntary or involuntary. Voluntary separations may result due to employee satisfaction issues. The higher the voluntary separation rates the higher the financial and operational impact to County departments. Involuntary separation increases may reflect personnel training, recruitment or performance issues.



The chart at right shows the distribution of FY 2001-02 employee separations by category. Voluntary separations represent 78% of all employee separations versus 22% involuntary separations.



FY 2001-02 MAJOR SEPARATION REASONS



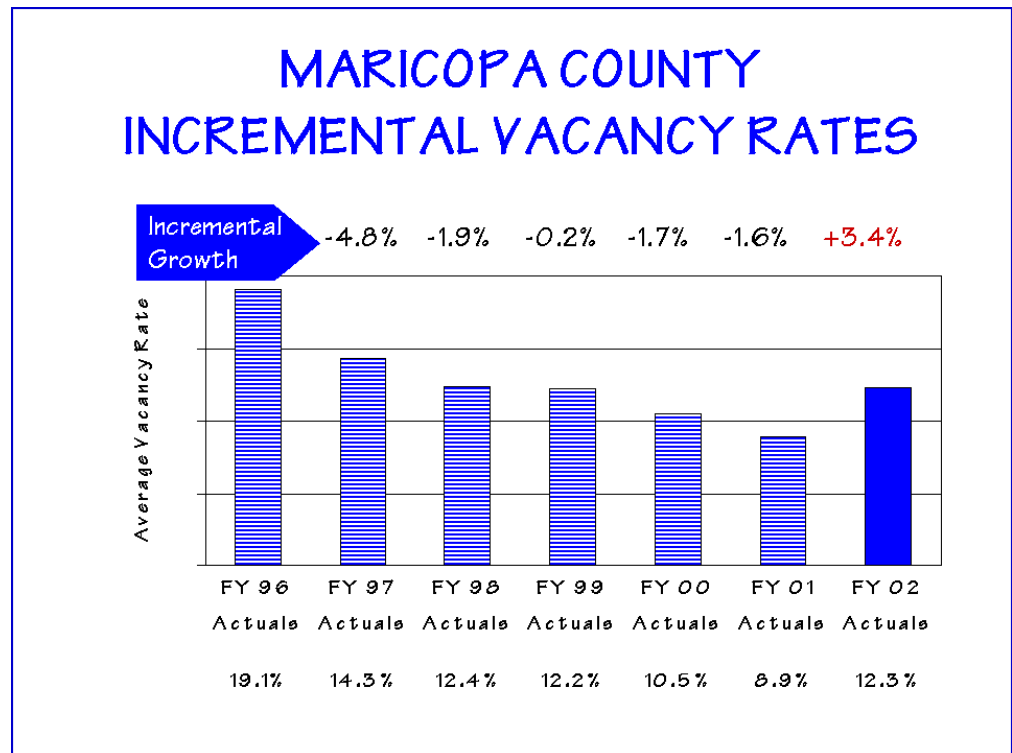
During FY 2001-02, 35% of employees leaving gave no reason for separation. 15% of total separations represent employees released while on initial probation or involuntary leave from unclassified status. Other major separation reasons were for more pay, more responsible jobs, retirement, relocation, misconduct or violation of rules, medical reasons, domestic obligations, quitting without giving a 3 day notice, reductions-in-force and for a similar job with less pay. The breakdown is provided on the chart at left.

Vacant positions may indicate how well employers utilize employees in relationship to results achieved. High vacancy rates may indicate recruitment issues. Maricopa County continues to assess staffing levels and vacancy rates in order to determine whether operational issues are adequately addressed.

Maricopa County's FY 2001-02 *vacancy rate* was 12.3%. This represents an increase of 3.4 basis points over FY 2000-01 vacancy rate of 8.9%. The increase in vacant positions is partially due to the Board of Supervisors approved Budget Balancing Plan established in October 2001 to offset the effects of the recessionary economy and the tragic events of September 11, 2001. The Plan encouraged managers to leave non-critical positions vacant through year-end, thus, creating vacancy savings. Recruitment complexities may also be a cause for high vacancy rates.



The chart at right shows year-over-year incremental vacancy rate growth along with the actual fiscal year vacancy rates for Maricopa County.



Departments with vacancy rates for FY 2001-02 that are higher than the Countywide vacancy rate of 12.3% are shown on the table below. Keep in mind that departments with fewer than 25 employees are not included in this table, but they are shown in the Attrition (Turnover Rates) & Vacancy Rates section.

DEPARTMENT	FY 2001-02 VACANCY RATE
Maricopa Health Delivery System	26.2%
Correctional Health	23.0%
Health Plans	18.7%
Housing	16.9%
Animal Care and Control	15.9%
Superintendent of Schools	15.6%
Human Services	15.2%
Treasurer	14.1%
Public Health	14.0%
Transportation	12.9%
Medical Examiner	12.7%

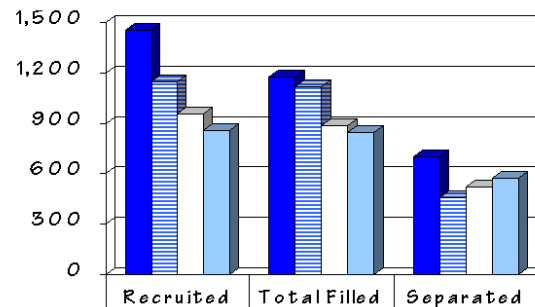
Maricopa County continues to focus on Managing for Results (MfR) in order to assist management in identifying trends before they happen. Tracking performance results provides information vital to decision-making.



The results of Maricopa County's belt-tightening may be viewed on the chart at right. The total numbers of positions recruited quarterly continue on a downward trend from the 1st quarter through the 4th quarter FY 2001-02. This may be a reflection of the County's cost cutting measures instituted during October 2001. The total numbers of positions filled follow the same trend as those recruited. The raw numbers of positions filled, as shown on the chart, suggest that the job market may be shrinking. This issue requires further

FY 2001-02 RECRUITMENT RESULTS

■ 1st Quarter ■ 2nd Quarter □ 3rd Quarter ■ 4th Quarter



	Recruited	Total Filled	Separated
1st Quarter	1,459	1,180	701
2nd Quarter	1,147	1,120	455
3rd Quarter	957	884	520
4th Quarter	859	845	575

investigation. The drop in the numbers of positions separated during the 2nd quarter may be due to the affects of the events of September 11, 2001. Increases in the number of separations during the 4th quarter appear to be mainly due to a 59% increase in employees retiring, 63% increase in involuntary separations due to misconduct and violation of rules, and a 100% increase in reductions-in-force. These separation reasons are not a reflection of dissatisfaction on the part of employees.

Maricopa County strives to meet staffing objectives while increasing resource accountability through an ongoing commitment to attract and retain highly qualified, diversified and satisfied employees. The County maintains a value-added compensation plan, leave plan and employee programs that provides competitive salary, wages and benefits, creative recruitment and innovative retention strategies. One of the major areas recently addressed focuses upon employee benefits, in order to increase employee satisfaction and maintain a competitive edge.

The Board of Supervisors approved 13,720 salary advancements with an annualized cost of \$19.5 million or an average 6.3% for the fiscal year ending June 30, 2002. The annualized cost to the FY 2002-03 budget was \$26.3 million. Salary advancements, which contribute to the retention of quality employees, include all personnel actions, such as job reclassifications, performance increases, grade adjustments, special salary advancements, etc., and also provide the means for maintaining labor market equity.

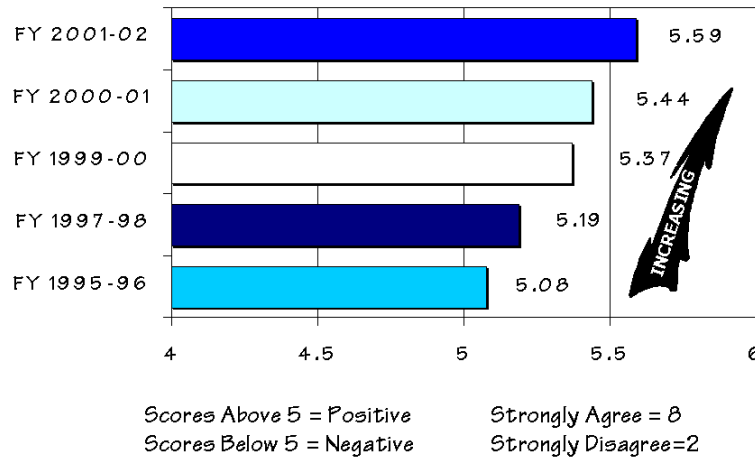


FY 2001-02 salary advances completed and annualized cost to the FY 2002-03 budget are listed on the table below:

DEPARTMENT NAME	NUMBER OF ADVANCEMENTS	FY 2001-02 COST OF ADVANCEMENTS	ANNUALIZED COST TO FY 2002-03 BUDGET	AVERAGE INCREASE
Adult Probation	984	\$ 735,643	\$ 1,123,031	3.3%
Animal Care and Control	180	46,269	274,551	5.2%
Assessor	300	213,810	303,303	3.3%
Board Of Supervisors District 1	4	8,249	17,894	12.1%
Board Of Supervisors District 2	2	13,476	18,103	22.2%
Board Of Supervisors District 3	1	3,237	10,022	16.6%
Board Of Supervisors District 4	-	-	-	0.0%
Board Of Supervisors District 5	3	1,377	13,990	12.7%
Chief Information Officer	58	84,054	137,724	4.2%
Clerk of Board of Supervisors	6	3,608	11,860	6.1%
Clerk of Superior Court	627	663,621	1,009,925	5.5%
Community Development	13	25,845	39,317	8.3%
Constables	6	5,309	6,890	3.6%
Correctional Health	179	180,515	341,246	5.7%
County Administrative Officer	19	16,206	41,614	4.5%
County Attorney	966	2,379,633	3,112,559	8.4%
County Call Center	26	30,664	42,700	6.6%
Criminal Justice Facilities Development	8	12,006	29,002	5.5%
Elections	66	118,223	184,725	9.5%
Emergency Management Svcs	15	15,894	26,580	5.2%
Environmental Services	275	322,731	597,815	6.2%
Equipment Services	65	77,261	94,649	4.3%
Facilities Management	175	218,153	302,866	5.1%
Finance	3	5,516	11,004	6.3%
Flood Control District	179	194,587	283,759	3.5%
Health Care Mandates	2	7,516	11,129	16.2%
Health Delivery System	2,045	3,288,604	4,053,191	5.4%
Health Plans	329	555,091	659,822	6.8%
Housing	37	23,738	54,204	4.8%
Human Resources	81	86,887	115,278	3.8%
Human Services	307	613,338	698,707	9.4%
Indigent Representation	486	1,291,075	1,561,202	7.8%
Integrated Criminal Justice Info System	13	11,044	24,263	2.4%
Internal Audit	16	9,081	17,414	2.1%
Judicial Mandates	38	91,229	108,639	6.5%
Justice Courts	223	133,832	191,214	3.2%
Juvenile Probation	638	499,378	780,703	3.7%
Library District	172	449,794	608,658	14.5%
Management & Budget	16	21,848	37,020	4.2%
Materials Management	30	30,820	38,022	3.5%
Medical Examiner	64	113,065	178,127	5.9%
Parks & Recreation	70	81,711	137,202	5.7%
Planning & Development	100	100,419	168,090	4.5%
Public Fiduciary	31	12,181	33,408	2.9%
Public Health	636	406,813	1,003,785	5.5%
Recorder	69	120,849	191,073	9.2%
Research & Reporting	-	-	-	0.0%
Risk Management	25	28,202	48,358	4.9%
Sheriff	2,502	4,335,669	4,990,821	5.9%
Solid Waste Management	3	3,851	4,489	3.0%
Stadium District MLB	3	5,046	7,392	4.6%
Superintendent of Schools	16	22,194	39,505	5.0%
Superior Court	756	878,038	1,012,157	4.3%
Telecommunications	40	62,820	105,945	6.8%
Transportation	556	524,923	971,519	4.9%
Treasurer	54	59,417	82,225	4.0%
TOTALS	13,720	\$ 19,565,497	\$ 26,344,618	6.3%



MARICOPA COUNTY EMPLOYEE SATISFACTION



Maricopa County Employee Satisfaction Surveys provide management with critical information necessary to recruit and retain productive employees. Valuable experience is lost when employee separations increase. This results in costly recruitment and training, while adversely impacting customer confidence. Maricopa County's emphasis on employee satisfaction is geared to stem the flow of quality individuals leaving its employ. Successes in the areas of retention are evidenced by annual increases in overall employee satisfaction.

Maricopa County's focus upon Managing for Results enables management to place a high value on its employees, provide quality customer directed services and achieves organization-wide objectives. Providing diversified employee compensation options along with competitive salaries in this tightening economy are key to retaining employees.

Personnel Costs & Savings

FY 2001-02 actual personnel costs for all funds (excluding grants) totaled \$612.9 million and gross actual personnel savings for all funds totaled \$37.9 million. Gross actual personnel savings represent 6.2% of total personnel costs.

The table below compares FY 2001-02 actual personnel costs and savings to budget.

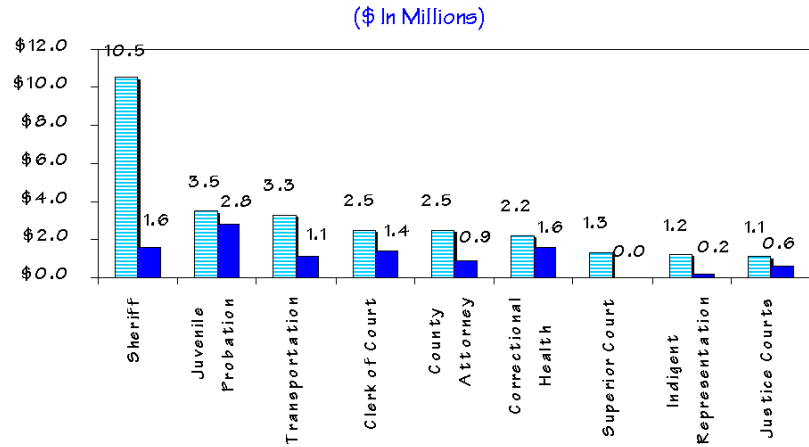
MARICOPA COUNTY FY 2001-02 PERSONNEL SAVINGS - ALL FUNDS EXCLUDING GRANTS						
Total Budget Personnel Costs	Actual Personnel Costs	Gross Actual Personnel Savings	% Gross Actual Savings/ Total Budget	Budgeted Personnel Savings	Net Actual Savings (Above Budget)	% Net Actual Savings/ Budgeted Savings
\$612,866,390	\$575,029,695	\$37,936,695	6.2%	\$32,325,552	\$5,511,143	17.1%

Current declining revenues and an expanding population affects Maricopa County's ability to provide quality services to its citizens. The sagging economy impacts financial and personnel resources in the areas of employee turnover, retention, productivity, hiring, training and development, and compensation. Through wise management of personnel resources, Maricopa County may reduce the impact of a possible degradation of services during this economic slump.



Personnel savings result when positions remain vacant, the actual pay of a position's incumbent is lower than budgeted, or when compensation plan funding remains unused. The chart at right shows the FY 2001-02 major gross personnel savings compared to net personnel savings by department for all funds excluding grants.

FY 2001-02 GROSS PERSONNEL SAVINGS VS. NET PERSONNEL SAVINGS



*Gross & Net Actual Savings Variance To Budget For All Funds Excluding Grants

The table below compares number of employees, actual personnel costs, total salary advancements, and gross personnel savings based upon major departmental gross personnel savings.

DEPARTMENT	GROSS PERSONNEL SAVINGS	PERSONNEL COSTS	SALARY ADVANCEMENTS	NUMBER OF EMPLOYEES
Sheriff	\$ 10,528,183	\$ 105,184,932	\$ 4,335,669	2,238
Juvenile Probation	3,529,528	33,436,775	499,378	793
Transportation	3,343,800	21,765,229	524,923	443
Clerk of Court	2,519,398	19,791,419	663,621	638
County Attorney	2,494,852	35,451,397	2,379,633	864
Correctional Health	2,181,144	9,652,738	180,515	204
Superior Court	1,328,083	37,836,507	878,038	815
Indigent Representation	1,175,311	27,209,985	1,291,075	504
Justice Courts	1,106,908	11,842,043	133,832	270
Adult Probation	897,761	17,831,013	735,643	1,065
Public Health	864,141	5,900,465	406,813	461
Library District	648,214	5,443,239	449,794	126
Facilities Management	636,273	8,521,781	218,153	222
Recorder	600,979	3,053,113	120,849	64
Flood Control	582,234	11,815,528	194,587	214
Assessor	552,135	12,178,181	213,810	311

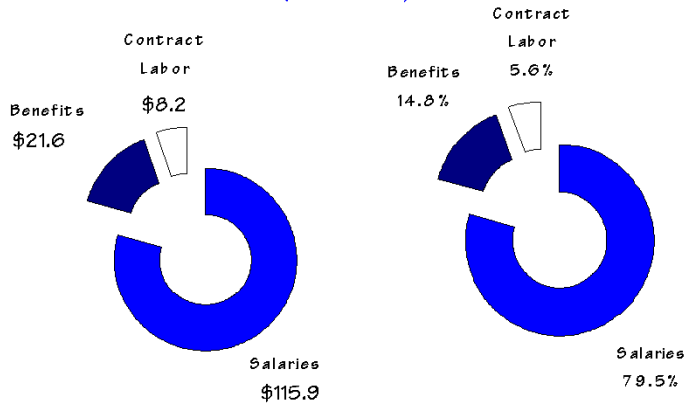
The Health Delivery System represents 24% of Maricopa County's FY 2001-02 actual personnel costs for all funds excluding grants. The table below provides FY 2001-02 personnel results for the Health Delivery System.

HEALTH DELIVERY SYSTEM FY 2001-02 PERSONNEL RESULTS			
Budget Personnel Costs	Actual Personnel Costs	Gross Personnel Savings to Budget	% Gross Personnel Savings to Budget
\$128,569,562	\$137,447,735	(\$8,878,173)	(6.9%)



HEALTH DELIVERY SYSTEM PERSONNEL & CONTRACT LABOR

(\$ In Millions)



Due to the high vacancy rates and attrition in the health care industry, the County must continue to rely upon more costly and erratic contract labor to meet customer demands.

As shown on the chart at left, total contract labor FY 2001-02 represents 5.6% of the Health Delivery System workforce.

The table below shows the **General Fund FY 2001-02 Personnel Savings** by department, **excluding General Government and Medical Eligibility**.

FY 2001-02 GENERAL FUND PERSONNEL SAVINGS <i>Excluding General Government and Medical Eligibility</i>						
AGENCY NAME	GROSS BUDGET PERSONNEL COSTS	ACTUAL PERSONNEL COSTS	GROSS PERSONNEL SAVINGS	BUDGETED PERSONNEL SAVINGS	NET ACTUAL PERSONNEL SAVINGS	GROSS ACTUAL VARIANCE TO BUDGET
ADULT PROBATION	10,612,207	10,136,466	475,741	398,639	77,102	4.5%
ANIMAL CONTROL SERVICES	197,954	197,973	(19)	-	(19)	(0.0%)
ASSESSOR	12,730,316	12,178,181	552,135	622,890	(70,755)	4.3%
BOARD OF SUPERVISORS CLERK	377,731	357,323	20,408	-	20,408	5.4%
BOARD OF SUPERVISORS DISTRICT 1	213,954	204,833	9,121	-	9,121	4.3%
BOARD OF SUPERVISORS DISTRICT 2	202,985	185,273	17,713	-	17,713	8.7%
BOARD OF SUPERVISORS DISTRICT 3	212,360	196,938	15,422	-	15,422	7.3%
BOARD OF SUPERVISORS DISTRICT 4	201,088	176,695	24,393	-	24,393	12.1%
BOARD OF SUPERVISORS DISTRICT 5	213,689	212,236	1,453	-	1,453	0.7%
CHIEF INFORMATION OFFICER	3,998,397	3,757,458	240,939	240,298	641	6.0%
CLERK OF SUPERIOR COURT	20,233,783	18,450,687	1,783,096	1,118,479	664,617	8.8%
CONSTABLES	1,458,180	1,461,638	(3,458)	-	(3,458)	(0.2%)
COUNTY ADMINISTRATIVE OFFICER	1,134,235	933,126	201,109	33,243	167,866	17.7%
COUNTY ATTORNEY	37,946,249	35,451,397	2,494,852	1,644,634	850,218	6.6%
COUNTY CALL CENTER	1,131,964	1,040,154	91,810	49,389	42,421	8.1%
ELECTIONS	3,020,311	2,544,309	476,002	116,166	359,836	15.8%
EMERGENCY MANAGEMENT	68,402	50,435	17,967	10,185	7,782	26.3%
ENVIRONMENTAL SERVICES	569,327	566,195	3,132	9,235	(6,103)	0.6%
FACILITIES MANAGEMENT	9,158,054	8,521,781	636,273	600,117	36,156	6.9%
FINANCE	1,932,194	1,659,557	272,637	90,253	182,384	14.1%
HEALTH CARE MANDATES	2,017,217	1,643,702	373,515	76,630	296,885	18.5%
HUMAN RESOURCES	3,702,133	3,540,514	161,619	107,629	53,990	4.4%
HUMAN SERVICES	364,735	370,169	(5,434)	-	(5,434)	(1.5%)
INDIGENT REPRESENTATION	28,385,296	27,209,985	1,175,311	986,929	188,382	4.1%
INTERNAL AUDIT	975,987	936,893	39,094	18,000	21,094	4.0%
JUDICIAL MANDATES	2,227,914	2,096,006	131,908	151,926	(20,018)	5.9%
JUSTICE COURTS	12,834,532	11,773,279	1,061,253	532,958	528,295	8.3%
JUVENILE PROBATION	9,757,806	9,233,099	524,707	278,839	245,868	5.4%
MANAGEMENT & BUDGET	1,537,943	1,402,244	135,699	118,708	16,991	8.8%
MATERIALS MANAGEMENT	1,323,277	1,302,556	20,721	104,426	(83,705)	1.6%
MEDICAL EXAMINER	3,492,666	2,995,045	497,621	202,825	294,796	14.2%
PARKS & RECREATION	1,252,457	1,107,125	145,332	68,481	76,851	11.6%
PUBLIC FIDUCIARY	1,621,534	1,571,030	50,504	84,943	(34,439)	3.1%
PUBLIC HEALTH	5,148,452	4,581,318	567,134	415,477	151,657	11.0%
RECORDER	1,542,052	1,456,616	85,436	85,011	425	5.5%
SHERIFF	37,041,981	32,350,941	4,691,040	3,124,757	1,566,283	12.7%
SUPERINTENDENT OF SCHOOLS	1,549,125	1,291,369	257,756	60,586	197,170	16.6%
SUPERIOR COURT	34,920,859	34,352,667	568,192	1,298,984	(730,792)	1.6%
TREASURER	2,869,565	2,628,322	241,243	125,161	116,082	8.4%
TOTAL	271,812,800	243,273,259	28,539,541	21,095,846	7,443,695	10.5%



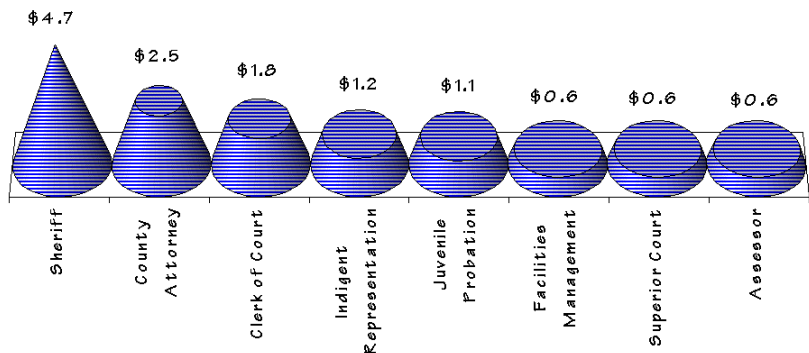
General Fund FY 2001-02 actual personnel costs totaled \$243.3 million and gross actual personnel savings totaled \$28.5 million. Gross actual personnel savings represent 11.7% of total personnel costs. The table below compares FY 2001-02 actual personnel costs and savings to budget.

MARICOPA COUNTY FY 2001-02 GENERAL FUND PERSONNEL SAVINGS						
Total Budget Personnel Costs	Actual Personnel Costs	Gross Actual Personnel Savings	% Gross Actual Savings/ Total Budget	Budgeted Personnel Savings	Net Actual Savings (Above Budget)	% Net Actual Savings/ Budgeted Savings
\$271,812,800	\$243,273,259	\$28,539,541	10.5%	\$21,095,846	\$7,443,695	35.3%

The chart at right shows the major General Fund FY 2001-02 gross personnel savings by department. Excluded from the chart are General Government, which has no staff, and Medical Eligibility, which was transferred to the State of Arizona in October 2001.

Changes in the number of authorized positions, vacant positions, employee turnover, timing issues related to filing newly created positions, recruitment efforts, employee satisfaction, and the state of the economy potentially impact personnel savings. Through Managing for Results initiatives, departments are better able to measure their personnel costs and associated personnel savings results in terms of attaining strategic objectives, thus improving financial accountability to employees and citizens alike.

FY 2001-02 MAJOR GENERAL FUND GROSS PERSONNEL SAVINGS (\$ IN MILLIONS)



Attrition & Vacancy Rates

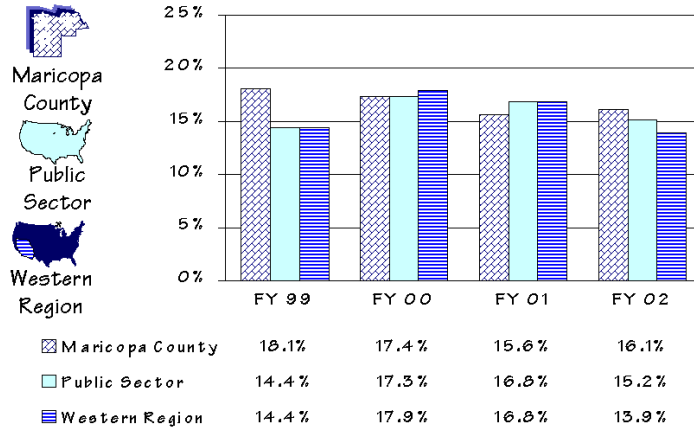
Employee attrition, or turnover, results from employee separations and remains a major concern for employers nationwide. Replacing quality employees may involve additional hiring and training costs, possible service disruptions, and increased workloads for existing employees.

Maricopa County utilizes the Bureau of National Affairs, Inc., (BNA, Inc.), formula for calculating attrition and annualizes the result in order to compare itself to other public and private sector organizations. The BNA, Inc. calculated attrition formula compares the number of separating employees (true attrition based upon employees leaving the County) to the total number of filled positions. Maricopa County's FY 2001-02 attrition, or turnover, stands at 16.1%.

EMPLOYER ATTRITION RATE COMPARISONS		
Maricopa County	State of Arizona	U.S. Public Sector
16.1%	23.0%	15.2%



BUREAU OF NATIONAL AFFAIRS, INC. CALCULATION OF ATTRITION



*BNA Public Sector (includes health care) and Western Region reported for 12 months ending 3/31/02 annualized, Maricopa County FY 01-02 (includes health care).

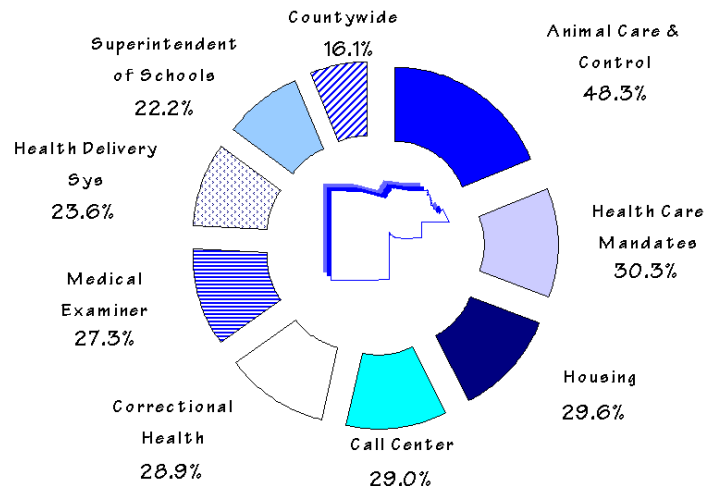
The chart at left compares Maricopa County's attrition rates to that of the public sector and western region of the nation.

Normally, during times of recession, attrition tends to decrease. Employees may be hesitant to pursue new employment opportunities, possibly due to higher unemployment rates and a less certain job market. Alternatively, Maricopa County's rate of attrition increased over the past fiscal year. This may be attributed to employee retirement increases of nearly 60% and 11% increases in employee misconduct or violation of rules over the past year.

Departments with more than 25 employees, showing the highest rates of attrition are provided on the chart at right. These departments have the highest rate of employee separations compared to the total number of filled positions.

A critical shortage of technical staff, mainly related to nursing, adversely impacts the health care industry. Contract labor represents \$8.2 million or 5.6% of FY 2001-02 personnel costs in the Maricopa County Health Delivery System.

FY 2001-02 ATTRITION BY MAJOR DEPARTMENT

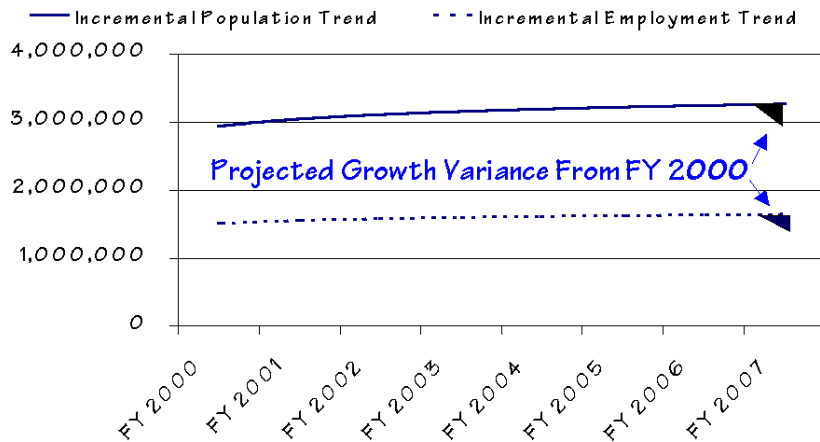


Maricopa County's incremental population growth has sustained an approximate 2.7% annual expansion versus its employment growth of approximately 1.2%.

	July 1, 2000	July 1, 2001	% Growth	July 1, 2002	% Growth	July 1, 2003	% Growth
Population	2,954,157	3,029,150	2.6%	3,104,077	2.5%	3,179,155	2.5%
Employment	1,516,300	1,562,358	0.8%	1,570,170	0.0%	1,617,275	0.3%



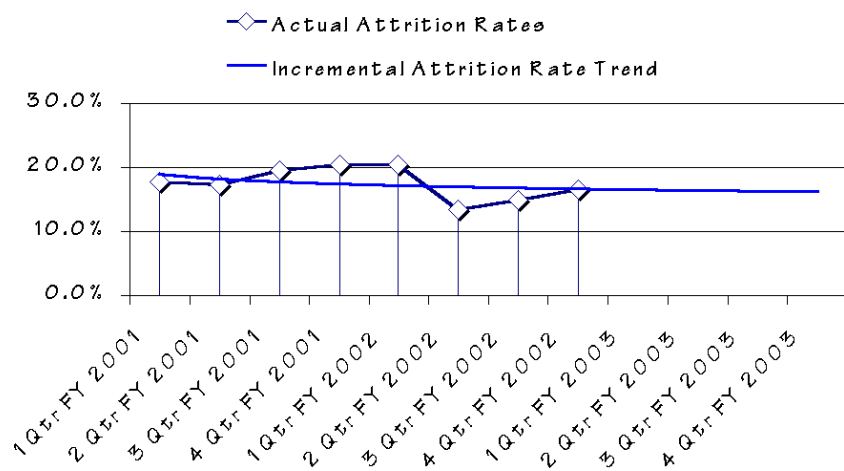
MARICOPA COUNTY INCREMENTAL ECONOMIC GROWTH TREND



The incremental population growth trends and incremental employment trends for Maricopa County are shown on the chart at left. Population continues to grow at a faster pace, approximately 3.5% annually, versus employment at 2.3% annually. These expansions affect attrition by creating a highly competitive job market, which drives up the cost of labor. The recessionary economy drives up unemployment, thus increasing an already competitive job market.

During the annual budget cycle, Maricopa County's Office of Management and Budget certifies that department budgets and funding are adequate to support all authorized positions. The County's Budgeting for Results process utilizes department attrition and vacancy rates in order to successfully manage staffing resources and evaluate personnel trends as they develop. High attrition rates may indicate possible retention issues, whereas, high vacancy rates may indicate recruiting issues. Employee Satisfaction Surveys provide information that is critical to resolving high attrition and vacancy rate trends.

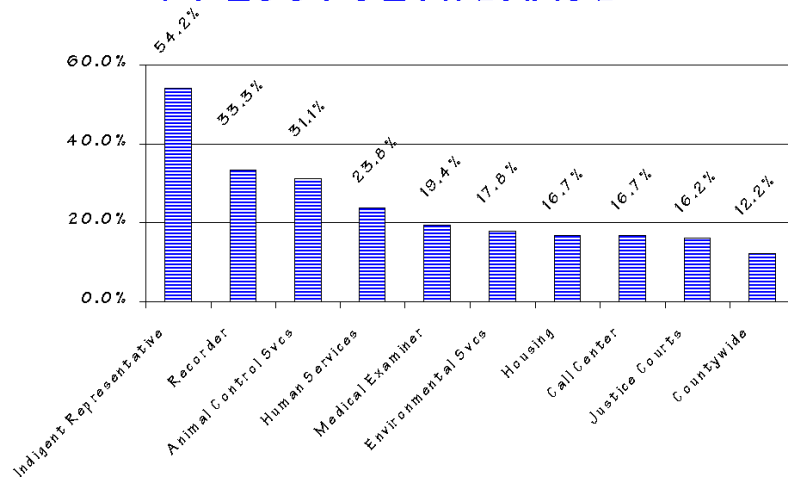
MARICOPA COUNTY ATTRITION RATE TREND



The chart at right provides the Maricopa County attrition rate trend through the end of FY 2002-03, and actual attrition rates by quarter from the 1st quarter of FY 2000-01. The significant drop in attrition during the 2nd quarter of FY 2001-02 appears to be due primarily to the events of September 11, 2001.



PROBATIONARY TURNOVER FY 2001-02 AVERAGE



The chart at left shows the average probationary turnover, or attrition, by major department for FY 2001-02. Probationary turnover represents the percent of turnover during the first six months of the initial probationary period. The formula compares the number of individuals that left County service (either voluntarily or involuntarily) during the first six months of their initial probation to the total new hires. This data is reviewed in an effort to identify trends. In those instances where turnover appears excessive, research is conducted and conversations with hiring authorities (or designees) are initiated in an

effort to discover the cause(s) and to develop strategies to decrease future turnover rates.

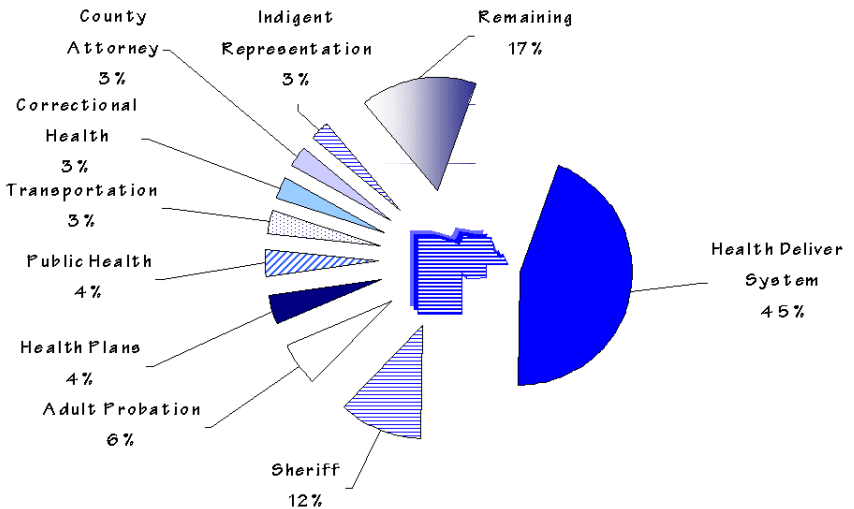
The table below compares FY 2001-02 average annual probationary turnover to average annual turnover for the same period. High probationary turnover may indicate hiring and training issues, whereas, annual turnover may indicate retention issues. Departments that have no probationary turnover, including the Maricopa Integrated Health System that does not track probationary turnover, are not shown on the chart below.

DEPARTMENT	FY 2001-02 AVERAGE ANNUAL PROBATIONARY TURNOVER	FY 2001-02 AVERAGE ANNUAL TURNOVER
ADULT PROBATION	11.6%	13.2%
ANIMAL CARE AND CONTROL	31.1%	45.5%
ASSESSOR	9.8%	8.2%
CALL CENTER	16.7%	29.1%
CLERK OF SUPERIOR COURT	14.6%	19.8%
CORRECTIONAL HEALTH	6.5%	29.9%
COUNTY ATTORNEY	9.3%	14.9%
ELECTIONS	10.0%	22.8%
ENVIRONMENTAL SERVICES	17.8%	9.6%
FACILITIES MANAGEMENT	12.1%	14.5%
FLOOD CONTROL DISTRICT	5.6%	7.2%
HOUSING	16.7%	30.1%
HUMAN RESOURCES	12.5%	11.7%
HUMAN SERVICES	23.8%	19.1%
INDIGENT REPRESENTATION	54.2%	8.9%
JUDICIAL MANDATES	57.1%	23.6%
JUSTICE COURTS	16.2%	16.6%
JUVENILE PROBATION	6.4%	12.5%
LIBRARY DISTRICT	6.3%	10.1%
MEDICAL EXAMINER	19.4%	26.4%
PARKS & RECREATION	7.1%	17.4%
PLANNING & DEVELOPMENT	12.5%	8.8%
PUBLIC HEALTH	11.9%	14.3%
RECORDER	33.3%	10.7%
SHERIFF	11.4%	14.8%
SUPERIOR COURT	7.0%	15.3%
TRANSPORTATION	6.0%	11.7%
TOTAL	12.2%	16.3%



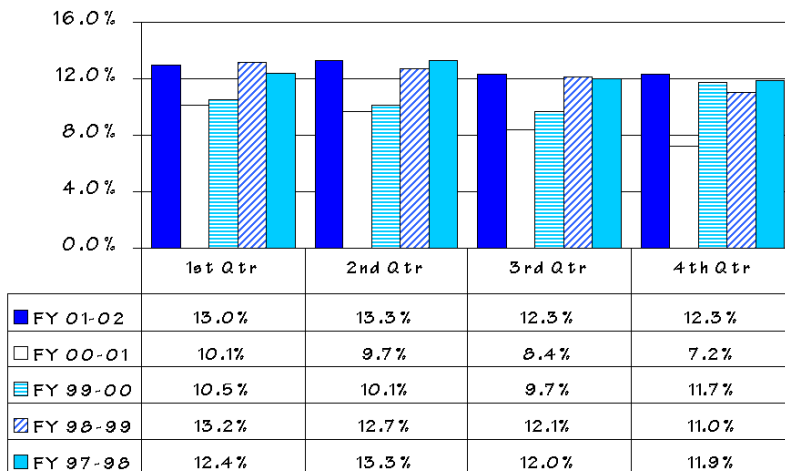
Vacant positions are examined to ensure correct funding levels. The chart at right demonstrates those departments with the greatest number of vacant positions as of June 30, 2002, with the number of vacancies expressed as a percent of total vacancies. A total of 9 departments made up roughly 83% of total vacancies at fiscal year-end 2002. The remaining 48 departments comprised 17% of the total vacant positions at fiscal year-end 2002.

VACANCIES BY MAJOR DEPARTMENT*



*Number of Vacancies Expressed as a Percent of Total Vacancies.

MARICOPA COUNTY QUARTERLY VACANCY RATES



Managing vacancies is a results oriented strategic activity. Goals need to be identified and achievements measured to determine if the workforce delivers the programs, activities and services in achieving desired results at a desired level of employment.

Maricopa County quarterly vacancy rates are provided on the chart at left. High vacancies alone do not equate to high vacancy rates. The number of vacant positions as compared to the total number of positions authorized in the budget process completes the vacancy rate equation.

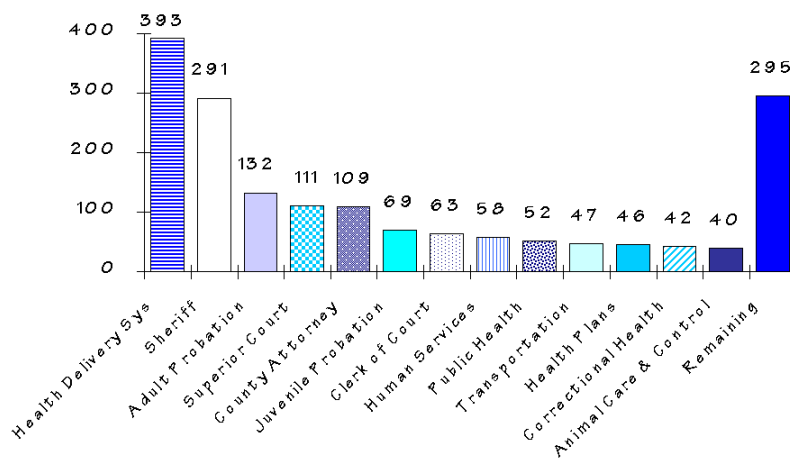
Approximately 1,004 positions were vacated Countywide during FY 2001-02, not including the Department of Medical Eligibility, and a total of 2,246 employee separations took place during the same period. A position is vacated when an employee leaves one department for another. Separations represent employees leaving the service of Maricopa County.



Employee Retention

Faced with a sluggish economy and tight budgetary restraints, voluntary separations remain a major concern for Maricopa County. Voluntary separations impose significant financial and operational impacts to County departments. Recruiting, selecting, hiring, and training new employees involve costs other than time and money. Employee morale may nose-dive as remaining employees attempt to fill-the-gap. Customer and employee satisfaction may suffer as well as productivity.

VOLUNTARY SEPARATIONS BY MAJOR DEPARTMENT

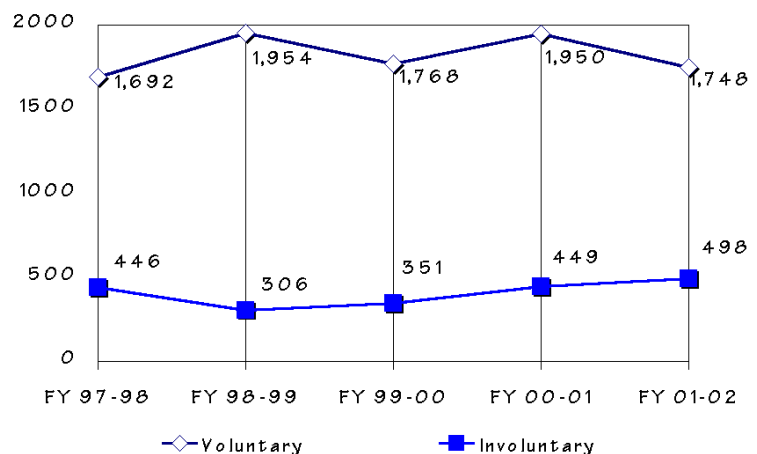


Separation information is vital to improving the quality of working life as well as solving attrition issues. Voluntary separations remain a key indicator of employee satisfaction. The information obtained via the exit interview process provides management with an opportunity to assess and resolve retention issues. Emphasis is placed upon voluntary separations due to their greater impact on retention, attrition, employee morale, and customer service.

Management may be in a position to increase retention by addressing employee satisfaction issues and reduce the number of employees leaving the County voluntarily. Resolving work environment issues, addressing quality issues and assessing customer satisfaction may reduce employee retention.

The chart at right compares annual voluntary and involuntary separation trends. Involuntary separations increased during FY 2001-02 primarily due to increases in misconduct or violation of rules, and medical releases. Although voluntary separations decreased from FY 2000-01, more employees separated for reasons of retirement, more pay, and leave expirations (separation without prejudice).

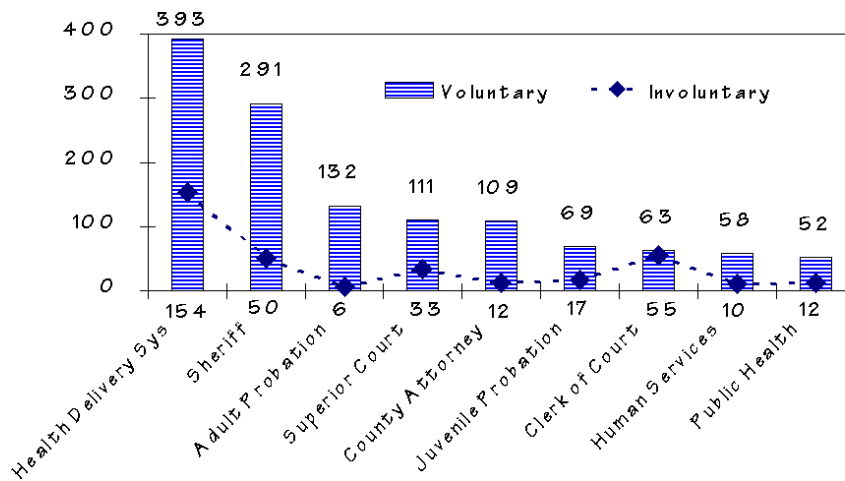
ANNUAL SEPARATION TREND BY MAJOR CATEGORY





Employee separation reasons play a major role in retaining quality employees. Employee Satisfaction Surveys continue to provide management with separation data that is critical to resolving employee issues. The growth or decline of the economy affects attrition. Increases in population place demands upon the supply side of employment and may result in a decline in the number of employees leaving the County.

HIGHEST VOLUNTARY & INVOLUNTARY SEPARATIONS



Departments showing the highest number of separations during FY 2001-02 are shown on the chart at left. Both voluntary and involuntary separation numbers are provided.

The financial and personnel resources of the County are impacted when labor demands exceed supply. Resourceful recruitment strategies combined with creative employee oriented compensation, benefit and rewards programs, and job satisfaction assist to curb the tide of employee attrition. Voluntary separations by reason, as provided by departments at the time of employee separation, provide valuable information. Departments collect separation data upon termination of employment for reporting purposes.

A comparison of the major employee voluntary separation reasons is provided on the table below. Comparable reasons are listed first followed by the highest remaining non-comparable reasons.

Employee Voluntary Separation Reason Given	By Department	By Exit Interview
No Reason Given	44%	41%
More Pay	11%	34%
Working Conditions	1%	22%
Dissatisfaction With Management & Practices	1%	27%
Retirement	10%	4%
Growth & Advancement	No Comparable	30%
Effectiveness and Efficiency	No Comparable	16%
Other Benefits	No Comparable	8%



MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 4TH QUARTER/ANNUAL FY 2001-02



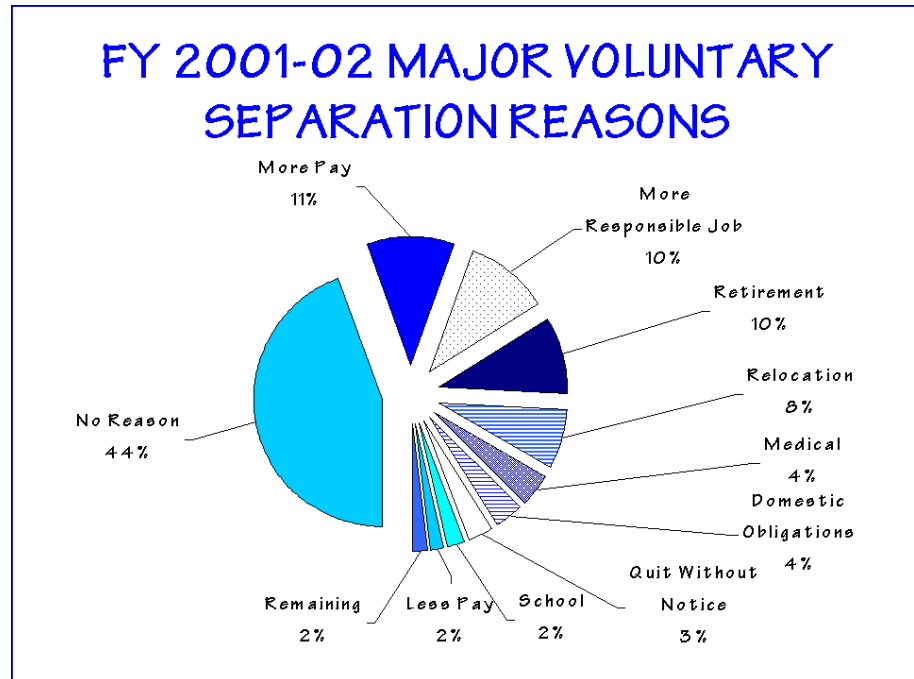
The table below provides Maricopa County's FY 2001-02 vacancy rates and attrition rates by department, including detailed position information.

DEPARTMENT	As of 6/30/02 POSITIONS AUTHORIZED	As of 6/30/02 POSITIONS FILLED	As of 6/30/02 POSITIONS VACANT	YTD 4TH QTR POSITIONS SEPARATED	FY 2002 VACANCY RATE	FY 2002 BNA CALCULATED ATTRITION
ADULT PROBATION	1,179	1,053	126	138	10.7%	13.1%
ANIMAL CARE AND CONTROL	138	116	22	56	15.9%	48.3%
ASSESSOR	322	310	12	25	3.7%	8.1%
BOARD OF SUPERVISORS CLERK	8	7	1	-	12.5%	0.0%
BOARD OF SUPERVISORS DISTRICT 1	3	3	-	2	0.0%	66.7%
BOARD OF SUPERVISORS DISTRICT 2	3	3	-	-	0.0%	0.0%
BOARD OF SUPERVISORS DISTRICT 3	4	4	-	-	0.0%	0.0%
BOARD OF SUPERVISORS DISTRICT 4	4	3	1	3	25.0%	100.0%
BOARD OF SUPERVISORS DISTRICT 5	4	4	-	-	0.0%	0.0%
CLERK OF SUPERIOR COURT	672	636	36	118	5.4%	18.6%
COMMUNITY DEVELOPMENT	10	9	1	2	10.0%	22.2%
CONSTABLES	30	29	1	2	3.3%	6.9%
CORRECTIONAL HEALTH	265	204	61	59	23.0%	28.9%
COUNTY ADMINISTRATION OFFICE	18	16	2	2	11.1%	12.5%
COUNTY ATTORNEY	841	782	59	121	7.0%	15.5%
COUNTY CALL CENTER	33	31	2	9	6.1%	29.0%
CRIMINAL JUSTICE FACILITIES	7	6	1	-	14.3%	0.0%
DEPARTMENT OF FINANCE	43	40	3	5	7.0%	12.5%
ELECTIONS	54	53	1	11	1.9%	20.8%
EMERGENCY MANAGEMENT	15	15	-	1	0.0%	6.7%
ENVIRONMENTAL SERVICES	283	265	18	24	6.4%	9.1%
EQUIPMENT SERVICES	63	59	4	6	6.3%	10.2%
FACILITIES MANAGEMENT	233	220	13	31	5.6%	14.1%
FLOOD CONTROL DISTRICT	223	214	9	15	4.0%	7.0%
HEALTH CARE MANDATES	36	33	3	10	8.3%	30.3%
HOUSING	65	54	11	16	16.9%	29.6%
HUMAN RESOURCES	82	75	7	9	8.5%	12.0%
HUMAN SERVICES	368	312	56	68	15.2%	21.8%
INDIGENT REPRESENTATION	585	579	6	40	1.0%	6.9%
INTEGRATED CRIMINAL JUSTICE INFORMATION SYSTEM	14	14	-	1	0.0%	7.1%
INTERNAL AUDIT	16	15	1	1	6.3%	6.7%
JUDICIAL MANDATES	42	39	3	9	7.1%	23.1%
JUSTICE COURTS	306	291	15	47	4.9%	16.2%
JUVENILE PROBATION	828	786	42	85	5.1%	10.8%
LIBRARY DISTRICT	140	127	13	10	9.3%	7.9%
MANAGEMENT & BUDGET	19	15	4	1	21.1%	6.7%
MARICOPA HEALTH PLAN	428	348	80	58	18.7%	16.7%
MARICOPA HEALTH SYSTEM	3,360	2,481	879	586	26.2%	23.6%
MATERIALS MANAGEMENT	39	38	1	3	2.6%	7.9%
MEDICAL EXAMINER	63	55	8	15	12.7%	27.3%
OFFICE OF THE CIO	65	63	2	3	3.1%	4.8%
PARKS & RECREATION	100	92	8	15	8.0%	16.3%
PLANNING & DEVELOPMENT	106	101	5	9	4.7%	8.9%
PUBLIC FIDUCIARY	35	33	2	3	5.7%	9.1%
PUBLIC HEALTH	534	459	75	64	14.0%	13.9%
RECORDER	71	65	6	7	8.5%	10.8%
RESEARCH & REPORTING	12	8	4	-	33.3%	0.0%
RISK MANAGEMENT	19	16	3	3	15.8%	18.8%
SHERIFF	2,466	2,232	234	341	9.5%	15.3%
SOLID WASTE GENERAL	12	11	1	1	8.3%	9.1%
STADIUM DISTRICT MLB	4	3	1	1	25.0%	33.3%
SUPERINTENDENT OF SCHOOLS	32	27	5	6	15.6%	22.2%
SUPERIOR COURT	971	932	39	144	4.0%	15.5%
TELECOMMUNICATIONS	43	42	1	1	2.3%	2.4%
TRANSPORTATION	505	440	65	56	12.9%	12.7%
TREASURER	64	55	9	3	14.1%	5.5%
	15,887	13,925	1,962	2,246	12.3%	16.1%

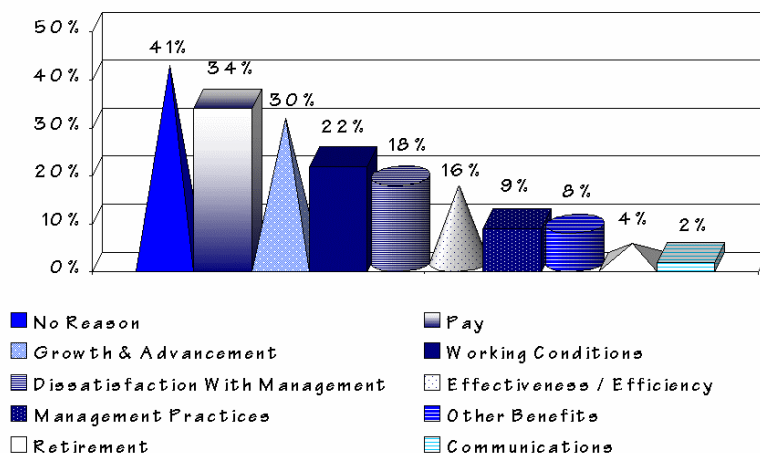


Maricopa County's Research and Reporting department conducts confidential exit interviews shortly after an employee separates. The result of the interviews is compiled and reported in such a way as to maintain the privacy of the individuals interviewed. It is believed that this information is more accurate than the information obtained by the department due to the ability to maintain anonymity.

The chart at right provides FY 2001-02 major voluntary separations by reason as provided by departments at the time of employee separation. All voluntary separation reasons are represented on the chart except for the remaining 17%, which include dissatisfaction with work conditions, dissatisfaction with management practices, quit to seek political position and the military.



FY 2001-02 EXIT INTERVIEW VOLUNTARY SEPARATION REASONS



The chart at left provides exit interview voluntary separation reasons as obtained by Maricopa County's Research and Reporting department.

Management may address the issues evidenced by employee separation reasons in order to achieve a higher retention rate and improve employee satisfaction.



New Directions

Maricopa County embraced Managing for Results (MfR) during FY 1999-00. MfR strategies have been absorbed into Maricopa County's culture since that time. Through MfR, financial and personnel resources have been aligned to achieve successful results in the areas of accountability, administration and control of staffing resources, management of funded positions, improved employee satisfaction, and the recruitment and retention of accomplished employees.

The chart at right provides employee satisfaction results for the fiscal years 1997-98, 2000-01, and 2001-02. All of the areas shown, including overall employee satisfaction, have increased steadily.

MARICOPA COUNTY EMPLOYEE SATISFACTION SURVEYS

Working Conditions

FY 97-98	FY 00-01	FY 01-02
5.76	5.91	6.06

Growth & Advancement

FY 97-98	FY 00-01	FY 01-02
5.46	5.65	5.84

Compensation, Benefits, Rewards

FY 97-98	FY 00-01	FY 01-02
4.61	4.90	5.28

Customer Orientation

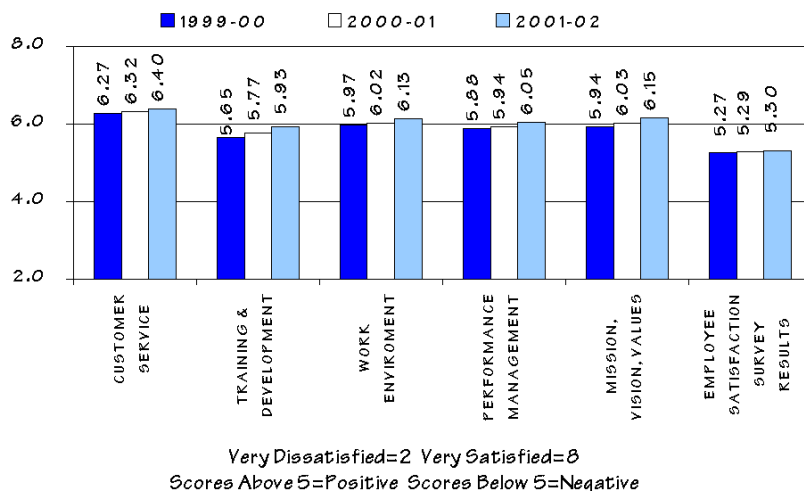
FY 97-98	FY 00-01	FY 01-02
6.07	5.94	6.07

Overall Satisfaction

FY 97-98	FY 00-01	FY 01-02
5.17	5.35	5.59

Very Dissatisfied=2 Very Satisfied=8
Scores Above 5=Positive Scores Below 5=Negative

MARICOPA COUNTY DETAILED EMPLOYEE SATISFACTION TRENDS



Several areas of employee satisfaction relating to MfR initiatives are provided on the chart at left. Customer Service refers to how the County and the employee unit focus' on customer service and provide good value for tax dollars. Training and Development refers to the department unit and supervisor emphasis on training, whether performance management plans include employee training, and whether tuition reimbursement encourages continued education. The work environment covers not only the safety of employees, but also the treatment of employees by supervisors and managers,

the work atmosphere, and whether the employee is prepared for public contact. Performance management refers to the employee's participation in their performance plan, that employee's work is



monitored regularly, and that employee's have annual performance reviews. The mission, vision and values relate to the employee's understanding of Countywide and department statements. The employee satisfaction survey results score on the detailed chart refer only to the areas outlined on that chart.

FY 2001-02 brought about the alignment of employee performance plans with Managing for Results. FY 2002-03 begins the first full-year of implementation of these newly aligned performance plans. Employee performance plans no longer emphasize tasks completed. Employees are able to see how their work, actions and behaviors support the strategic direction and business success of their department's strategic goals and operational results. Employees are encouraged to get directly involved in managing their individual performance. Classes are available to assist employees in developing their own performance plans.

Maricopa County's financial and personnel resource strategies align employee performance with a personal commitment and cooperation in attaining Countywide objectives. Maricopa County continues to develop programs to enhance employee satisfaction and motivation in order to attract and retain a quality workforce.